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SUBJECT: AMBASSADOR AND UNION LEADER DISCUSS VENEZUELA,
LABOR ISSUES

¶1. (U) During a February 6 courtesy call by the Ambassador, Worker's General Union (UGT) Secretary General Candido Mendez expressed concern that the USG decision to deny authorization to transfer U.S. components as part of Spain's deal to sell EADS CASA aircraft to Venezuela could cost Spain important jobs in the defense industry. Mendez said the more important contract was for the construction of the naval vessels by shipbuilder "Navantia," but that the 12 EADS CASA aircraft still represented a valuable contract that could now be lost.

Mendez noted that the UGT, Spain's largest union and historically a close ally of the Socialist Party, was no friend of the Chavez government. He said the UGT had taken a strong stand in defense of Venezuela's CVT labor union, leading Chavez to expel the UGT representative in Caracas.

¶2. (SBU) The Ambassador explained that the USG decision was based on our growing concerns regarding the direction of the Venezuelan government and was not aimed at Spain. He said the USG had laid out its concerns to the Spanish government in great detail over many months and was disappointed that Spain had concluded an agreement with Chavez nonetheless. The Ambassador noted that EADS CASA -- and the unions -- had more to gain commercially by pursuing contracts with the USG and other governments than through a relationship with the Chavez government. Regarding the naval vessels, the Ambassador said the Spanish government had assured the USG that there would be no U.S. components involved. However, if there did turn out to be U.S. components on the vessels, the USG would look very carefully at any associated technology transfer request.

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¶3. (U) Mendez outlined his three priorities as leader of the UGT: the prevalence of temporary employment contracts as opposed to permanent positions, high unemployment among youth, and a high unemployment rate among women. Mendez said the issue of Spain's low population growth rate was being resolved through increased immigration, though he acknowledged that immigration was generating its own set of challenges. He took credit for the Zapatero government's 2005 amnesty of illegal immigrants, saying the UGT had quietly proposed the measure as the only way to resolve the abuses typical of employment in the informal sector. Mendez said the UGT had borrowed directly from the recent strategy of the AFL-CIO in welcoming immigrant labor as a new source of members (NOTE: only 18 percent of the Spanish labor force is unionized. END NOTE). He said the UGT had consciously selected a North African immigrant woman to head its Immigrant Affairs office to send a message to potential new members.

//COMMENT//

14. (SBU) Mendez was friendly and gregarious in his meeting with the Ambassador and clearly wanted to establish a good relationship. He did not raise the UGT's strong opposition to the war in Iraq or his organization of massive rallies against the war, even when the discussion turned to the danger posed by extremist veteran jihadists of that conflict returning to their homes in Europe. Mendez seemed satisfied by the Ambassador's explanation on the EADS CASA aircraft issue, though he was obviously concerned by the possibility of delays in the execution of the ship deal. Doubtless he recalled the violent strikes carried out by shipyard workers across Spain when the Navantia's predecessor, IZAR, was forced to trim jobs in response to a business slowdown. For Mendez and other union leaders, the possibility of retaining hundreds of jobs in this failing industry overshadows any qualms they may have about dealing with Chavez.

AGUIRRE